

April 13, 2015

The Honorable Dean Heller  
*Co-Chair, Community Development &  
Infrastructure*  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Michael Bennet  
*Co-Chair, Community Development &  
Infrastructure*  
Committee on Finance  
United States Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senators Heller and Bennet:

Farm Bureau supports replacing the current federal income tax with a fair and equitable tax system that encourages success, savings, investment and entrepreneurship. We believe that the new code should be simple, transparent, revenue-neutral and fair to agricultural producers.

We commend the Committee on Finance on its methodical approach to tax reform by forming working groups to review current law and to solicit input from stakeholders. The American Farm Bureau Federation (Farm Bureau) is the nation's largest general farm organization, representing agricultural producers of nearly every type of crop and livestock across all 50 states and Puerto Rico. We appreciate the opportunity to submit comments on tax incentives for renewable fuel to the Community Development & Infrastructure Working Group.

Agricultural production consumes large amounts of energy directly through products such as farm diesel or gasoline which can be highly sensitive to global uncertainty. Direct fuel and energy expenses now constitute more than 4.51 percent of a typical agricultural producer's production expenses. Additionally, agriculture utilizes a significant amount of energy indirectly through energy intensive inputs such as fertilizer and pesticides. When these costs are included, the average share of energy inputs in total production costs grows significantly, especially for crop producers. Costs are highest for corn, rice and sorghum (33-34 percent) and lowest for soybeans (17 percent). As energy consumers, Farm Bureau members support policies that will create a diverse, domestic energy supply to fuel America's economic growth and prosperity while strengthening our energy security.

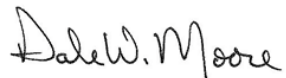
Farm Bureau believes that a significant part of our nation's energy should come from the development and use of renewable energy sources such as ethanol, biodiesel, biomass, solar and wind. These sources are critical to our nation's energy future and will help further strengthen the overall national security of the United States. Renewable energy sources also contribute to the stability of the rural economy by creating another source of income for our nation's farmers and ranchers. For these reasons, we support tax incentives for biodiesel, biomass fuels and wind energy so that fledgling industries can develop economies of scale.

In addition, we support tax incentives to expand the distribution of renewable fuel. There is a huge gulf between infrastructure that currently exists and what is needed for renewable fuel usage to increase substantially. A study completed by Air Improvement Resource, Inc. in 2011

found that less than 1.5 percent of U.S. service stations are equipped for E85 while 33 percent is needed to provide reasonable access. In addition, massive capital investments are needed to install blender pumps that dispense “mid-level” ethanol blends of more than 10 percent of but lower than E85.

Farm Bureau greatly appreciates your consideration of our views on tax incentives for renewable fuel. We would be glad to meet with members of the Community Development & Infrastructure Working Group to provide additional information or to discuss our position in greater detail.

Sincerely,

A handwritten signature in cursive script that reads "Dale W. Moore". The signature is written in dark ink and is positioned above the printed name and title.

Dale Moore  
Executive Director  
Public Policy